



PRESS RELEASE

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Office of Consumer Counsel

Ten Franklin Square
New Britain, CT 06051

Mary J. Healey, Consumer Counsel

Telephone: (860) 827-2900

Contact: Bruce C. Johnson, Staff Attorney (860) 827-2904

OCC ASKS DPUC TO REJECT THREE ELECTRIC CAPACITY CONTRACTS

The Office of Consumer Counsel (OCC) today asked the Department of Public Utility Control (DPUC) to reject three of the four electric capacity contracts that the DPUC provisionally approved following completion of its "request for proposals" (RFP) process last spring. The RFP process was mandated by the Energy Independence Act and is intended to help resolve electrical capacity shortages in Connecticut, thereby reducing the special "federally mandated" charges that now appear on the bills received by customers of Connecticut Light and Power and of United Illuminating. While OCC strongly supports these policy goals, it has concluded that London Economics International LLC (LEI, the DPUC's expert consultant) has not justified final approval of the entire group of recommended projects.

"We have to be confident that these four projects are cost-effective before ratepayers are required to pay for them," said Mary Healey, the Consumer Counsel. "The total price tag for these projects could be almost 2 (two) billion dollars over the life of the contracts. That is why OCC undertook to thoroughly analyze the LEI Report."

The LEI Report recommended four separate projects for final DPUC approval. However, OCC believes that only one of them --- a 66 MW peaking plant, to be built in Stamford ---could be cost-effective. OCC makes its recommendations in a detailed report prepared by Resource Insight, Inc. (RII), OCC's independent experts, and filed today with the DPUC. The RII group is highly familiar with the particulars of Connecticut's electrical system, since it has assisted OCC's review of the Standard Service and Last Resort Service energy purchases made by CL&P and UI over the last year.

These electric capacity contracts, and OCC's analysis of them, are expected to be the subject of DPUC hearings, beginning July 9, 2007, in the agency's Docket No. 07-04-24.

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